



A Law Firm in the People Business

2010 Contribution Limits for HSAs

In Notice 2009-29, the IRS announced increased limits for Health Savings Accounts (HSAs). For 2010, the annual contribution limits are \$3,050 for an eligible individual with self-only coverage under a high deductible health plan (HDHP), and \$6,150 for an eligible individual with family coverage. This is an increase over the annual limitations for 2009, which were \$3,000 for an eligible individual with self-only coverage and \$5,950 for an eligible individual with family coverage.

The IRS also adjusted the definition of HDHP. For 2010, an HDHP must have a minimum annual deductible of \$1,200 for self-only coverage or \$2,400 for family coverage, and annual out-of-pocket expenses (*i.e.*, deductibles, co-payments, and other amounts aside from premiums) must not exceed \$5,950 for self-only coverage, or \$11,900 for family coverage.



A Benefits Consulting Firm affiliated with Mazursky Constantine LLC

Michelle's Law: Continued Coverage for Dependent Students

A new law, known as "Michelle's Law," will take effect for plan years beginning on or after October 9, 2009 (January 1, 2010, for calendar year plans). Michelle's Law requires group health plans and group health insurance issuers to continue coverage for up to 1 year for dependent college students who take a "Medically Necessary Leave of Absence."

Medically Necessary Leave of Absence. A "Medically Necessary Leave of Absence" is a leave of absence or change in enrollment status that:

- Commences while an individual is suffering from serious illness or injury;
- Is medically necessary; and
- Causes the individual to lose student status for purposes of the plan.

The individual's treating physician must certify that he or she is suffering from a serious illness or injury and that the leave of absence is medically necessary.

Requirements. To qualify for continued coverage under Michelle's Law, an individual must:

- Be qualified as a dependent child under the terms of the group health plan or coverage; and
- Have been enrolled in the group health plan or coverage, based on his or her status as a student at a post-secondary educational institution, immediately before the first day of the Medically Necessary Leave of Absence.

Duration and Type of Coverage. Under Michelle's Law, coverage must be continued until the earlier of:

- One year after the first day of the Medically Necessary Leave of Absence; or
- The date on which the coverage would otherwise terminate (*e.g.*, the dependent child reaches the plan's limiting age).

The dependent child is entitled to the same benefits during a Medically Necessary Leave of Absence as those benefits in which he/she was enrolled immediately before the leave.

Notice. Group health plans and health insurance issuers must include notice of the requirements for obtaining continued coverage under Michelle's Law with any communications that address the requirements of obtaining student status under the plan or coverage (*e.g.*, summary plan descriptions, enrollment materials or dependent audit letters). The notice will need to describe in plain language Michelle's Law and the requirements for obtaining continued coverage.

Practical Steps. In order to comply with Michelle's Law, sponsors of group health plans offering coverage to dependent college students will need to:

- Amend the plan document to provide continuation coverage in accordance with Michelle's Law prior to the first day of the plan year beginning on or after October 9, 2009 (January 1, 2010, for calendar year plans);
- Develop processes, including documentation requirements, which are compliant with the law;
- Prepare notification language to be included with any plan communications addressing a requirement for student certification under the plan;
- Establish a process for collecting certifications from treating physicians in accordance with the HIPAA Privacy and Security Rules;
- Ensure that Michelle's Law continuation coverage is included in cost projections; and
- Coordinate with insurance carriers and third party administrators to implement Michelle's Law.

Contact Information. For additional information regarding Michelle's Law, please contact Nicole Bogard (404.888.8830), Kelly Scott (404.888.8838) or Amy Heppner (404.888.8825).

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